

Statement of Methodology

Analysis of Rates during the first year after SB 110 became effective (2004)

The three dominant carriers were asked to provide the following information for each and every group written during the first year after SB 110's effective date:

- A group identifier – a code to uniquely identify the employer group.
- The group's size
- The number of enrolled employees
- The number of covered lives
- The total monthly premium for coverage

If the group was renewing, the following additional information would also be provided:

- A flag indicating whether the group changed coverage.
- For the prior year,
 - The group's size
 - The number of enrolled employees
 - The number of covered lives
 - The total monthly premium for coverage.

Data was reviewed for reasonableness. Records that produced unreasonable results were deleted.

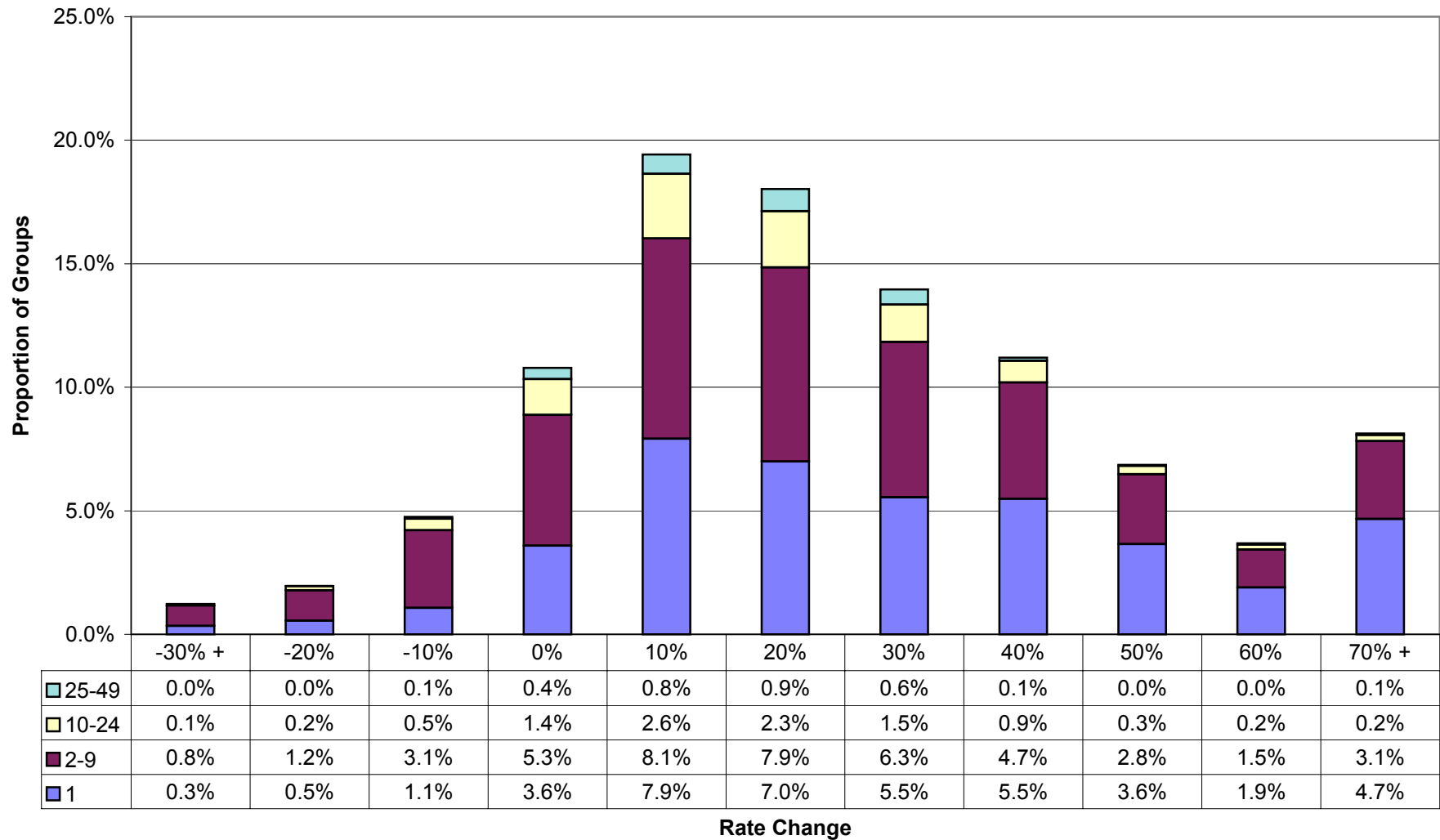
The Department produced four charts.

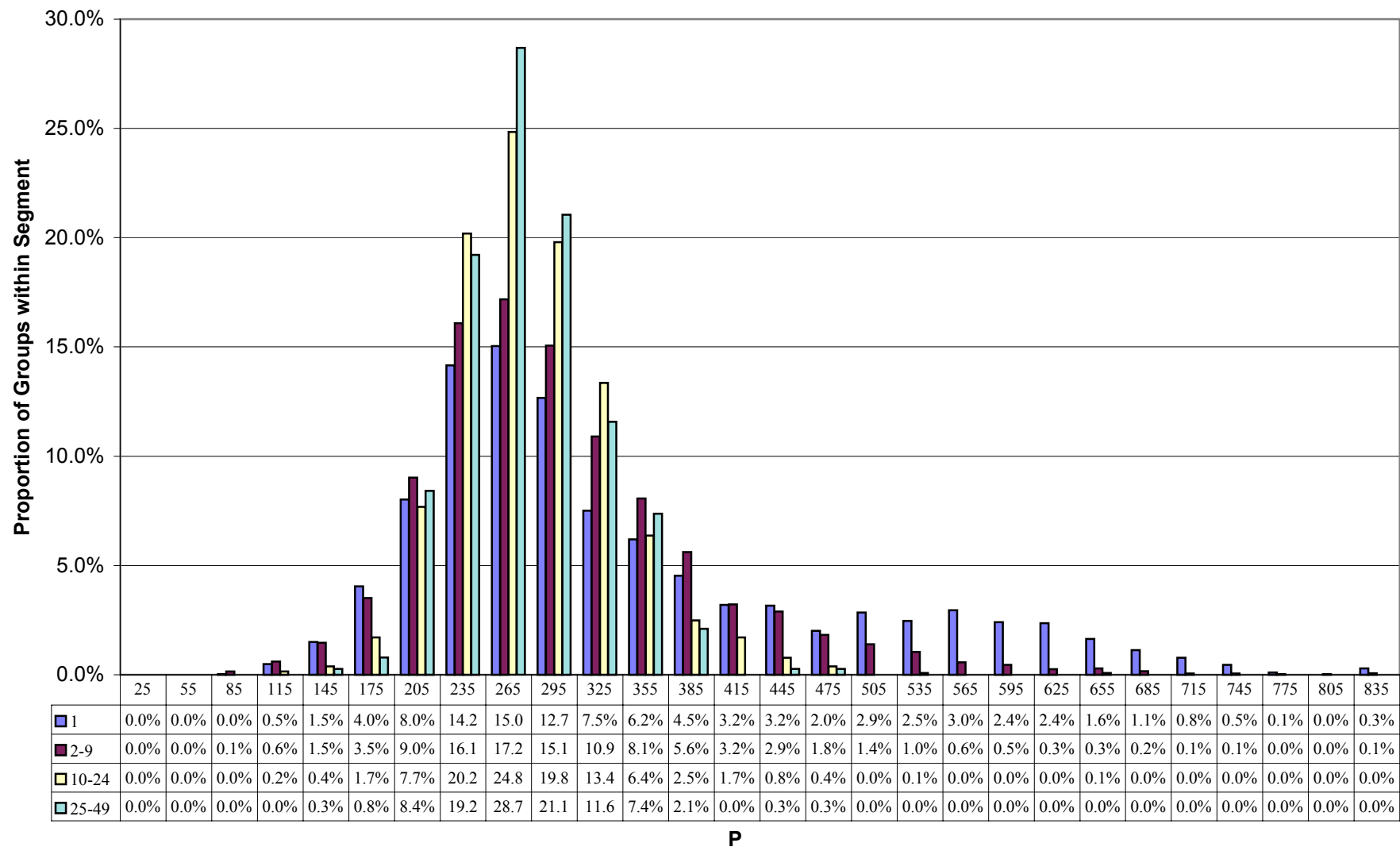
The PMPM (Per Member Per Month Premium) Analysis chart illustrates the distribution of PMPM rate changes for renewing groups. The chart includes both groups that effected a coverage change and groups that did not effect a coverage change. The chart does not include newly issued groups for which there was no prior year information.

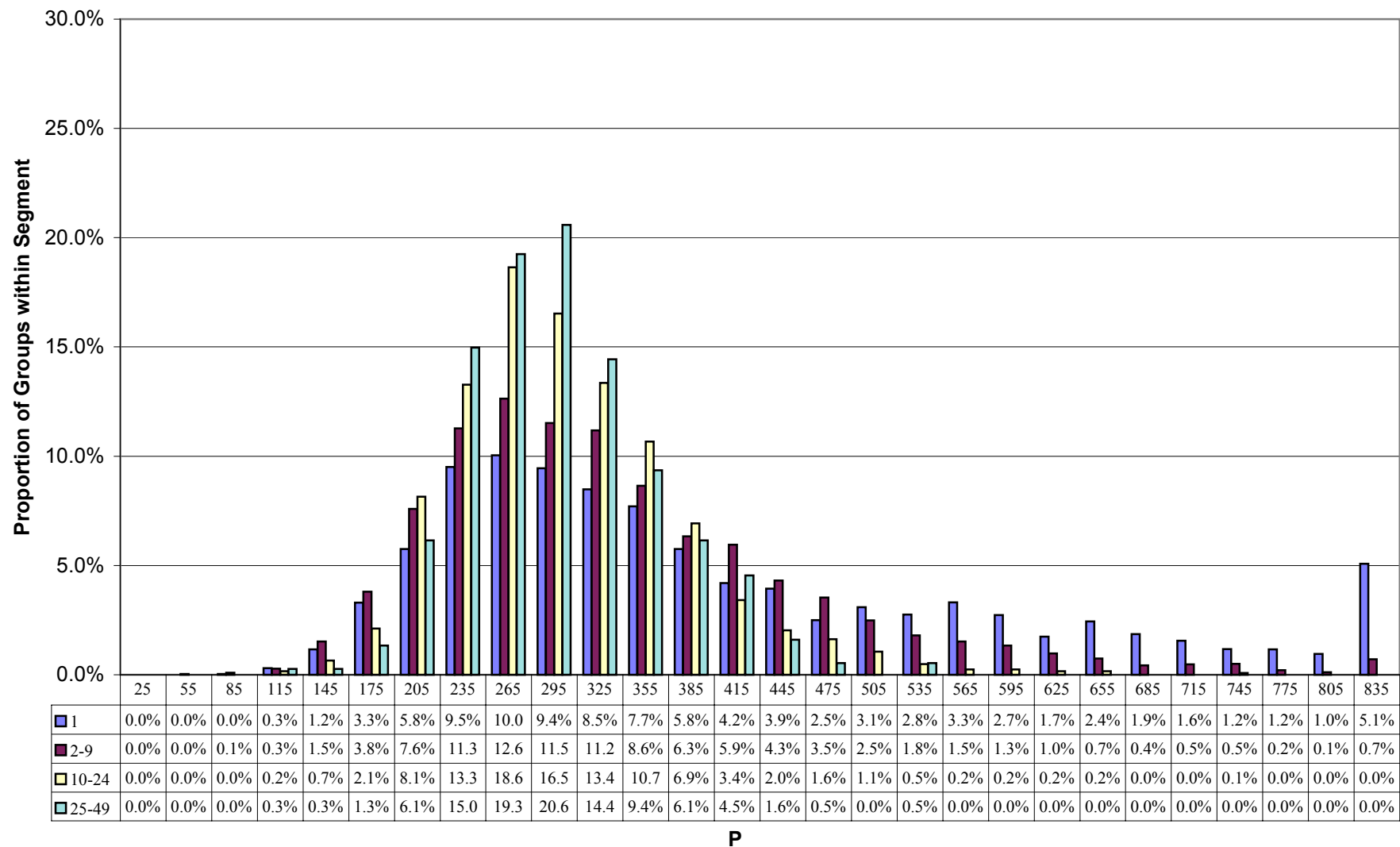
There are two charts that illustrate the distribution of PMPM rates, one for the calendar year preceding SB 110's effective date and one for the calendar year following SB 110's effective date. The PMPM numbers shown at the bottom of each column represent the mid-point of the PMPM range for all observations represented by that column.

The last chart is a box plot. It illustrates the following observations for each of the 8 data groupings shown: the minimum PMPM observation, the 25th percentile PMPM observation, the median PMPM observation, the 75th percentile PMPM observation and the maximum observation. This chart is useful for analyzing how different data groupings' variations compare.

**Percentage Change in Premium Per Member Per Month
All Renewals for the Year 2004**







PMPM Box Plot - All Renewals

